



U.S. Immigration
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News Release

FORMER CPA OFFICIAL AND CONTRACTOR ARRESTED IN CASE INVOLVING FRAUD AND MONEY LAUNDERING SCHEME IN IRAQ

WASHINGTON, D.C. – A former Coalition Provisional Authority official and a contractor doing business in Iraq have been arrested on charges of conspiring to commit money laundering and wire fraud in connection with a bribery and fraud scheme, the Department of Justice announced today.

Robert J. Stein, 50, of Fayetteville, North Carolina, was arrested in Fayetteville on Nov. 14, 2005 and is currently in custody there. In 2003 and 2004, Stein was the Comptroller and Funding Officer for the Coalition Provisional Authority – South Central Region (CPA-SC) in Al-Hillah, Iraq. Philip Bloom, 65, a U.S. citizen living in Romania and Iraq, was the owner and operator of numerous construction and service companies doing business in Iraq. Bloom was arrested in Newark, New Jersey on Nov. 13, 2005, and was transferred to Washington, D.C. for an appearance before a magistrate judge yesterday.

According to affidavits filed at U.S. District Court in the District of Columbia in support of an arrest warrant, beginning in December 2003, Stein and Bloom conspired to rig the bids on contracts being awarded by the CPA-SC so that numerous contracts were awarded to Bloom's businesses. The total value of the contracts awarded to Bloom is alleged to exceed \$13 million. The affidavit further alleges that Bloom paid Stein and others hundreds of thousands of dollars in money and gifts in return for the use of their official positions to award contracts to Bloom and his companies. The bribes and gratuities paid to Stein allegedly included payments for the purchase of automobiles, jewelry and real estate.

According to the affidavits, Bloom, Stein and others facilitated numerous wire transfers and other financial transactions representing the proceeds of the fraudulently awarded contracts in a means to promote unlawful activity or conceal the source and origin of the funds. If convicted, both Bloom and Stein face up to 30 years in prison, a three-year term of supervised release, and a fine of \$250,000.

“The reconstruction of Iraq is, and must be, built on a foundation of integrity and honest business dealings,” said Assistant Attorney General Alice S. Fisher of the Criminal Division.

“The Department of Justice will pursue and prosecute anyone who attempts to exploit this vital process for their own personal or financial gain.”

“The charges unsealed today underscore how serious the federal government is in targeting suspected fraud and money laundering involving reconstruction funds. ICE is proud to have contributed its financial investigative expertise to this important joint operation. Our agents have played key roles in developing evidence, identifying targets, and arresting suspects as part of this multi-agency effort,” said John P. Clark, Acting Assistant Secretary for U.S. Immigration and Customs Enforcement (ICE).

“We lend our financial expertise to many important criminal investigations such as those involving contractor fraud,” said Nancy Jardini, IRS Criminal Investigation Chief, “IRS special agents played a significant role in this multi-agency financial investigation; the results of which can be seen in the IRS affidavit unsealed today. We remain committed to our work with our law enforcement partners to ensure monies intended for Iraq reconstruction will be used for its intended purposes.”

Stuart Bowen, Special Inspector General for Iraq Reconstruction, said, “This investigation is the result of close coordination between SIGIR auditors and criminal investigators working in Iraq. We hope this will serve as encouragement to those who want to fight crime and corruption, and a deterrent to those who may want to abuse the reconstruction effort.”

A criminal complaint is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government’s burden to prove guilt beyond a reasonable doubt.

The case arose from an audit of the South Central Region that indicated major discrepancies in the administration and accounting of DFI monies targeted for the reconstruction and relief of that area. The auditors alerted SIGIR criminal investigators who began the inquiry. The arrests resulted from an eight-month investigation by the Special Investigative Task Force for Iraq Reconstruction (SPITFIRE). SPITFIRE is comprised of agents from SIGIR, IRS Criminal Investigations, ICE at the Department of Homeland Security and the U.S. Department of State Office of the Inspector General.

These cases are being prosecuted by Trial Attorneys Mark Yost and Patrick Murphy of the Asset Forfeiture and Money Laundering Section, headed by Section Chief Richard Weber; Trial Attorneys James A. Crowell IV and Ann C. Brickley of the Public Integrity Section, headed by Section Chief Noel L. Hillman; and Acting Section Chief Paul E. Pelletier of the Fraud Section of the U.S. Department of Justice, Criminal Division. The United States Attorneys Offices for the Eastern District of North Carolina and District of New Jersey assisted the Criminal Division in the apprehension of the defendants.

ICE

ICE, the primary investigative arm of the Department of Homeland Security, was established to bring a unified focus to the enforcement of U.S. immigration and customs laws, with the principal goal of preventing violations by terrorists and other criminals who threaten the nation’s security.